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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

June 5, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 6-month followup of the Department of Revenue—Business Reengineering/Integrated Tax System (BRITS), regarding the implementation status of the 18 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in October 2005 (Auditor General Report No. 05-15). As the attached grid indicates:

- 18 are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport
Auditor General

DD:Acm
Attachment

cc: Gale Garriott, Director
Department of Revenue

DEPARTMENT OF REVENUE
BUSINESS REENGINEERING/INTEGRATED TAX SYSTEM (BRITS)
6-Month Follow-Up Report To
Auditor General Report No. 05-15

FINDING 1: Department needs to better manage BRITS project

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To take advantage of expert project management advice, the Department should consider hiring an outside advisor to oversee the remaining implementation of BRITS and fulfill the outside advisor's requirements that are described in the BRITS contract. To do so, the Department would have to examine possible funding methods, such as allocating monies from its current budget, or seeking a separate appropriation from the Legislature.	Implementation in Process	
2. To better ensure success and to ensure that the terms of the BRITS contract are fulfilled, the Department should develop and follow its own overall plan to manage the project.	Implementation in Process	
3. To prevent some of the issues that occurred in the initial phases of BRITS, the Department should continue its efforts to include key stakeholders in better defining the Department's requirements for the BRITS system and ensuring that both the Department and Accenture agree on what those requirements are until the BRITS project is complete.	Implementation in Process	

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FINDING 1: Department needs to better manage BRITS project (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
4. To remain aware of and plan for project risks, the Department should continue its efforts to identify, document, and mitigate risks until the BRITS project is complete.	Implementation in Process	
5. To make certain that all necessary functions of the system are working prior to conversion, the Department should ensure BRITS testing is adequate, including:		
a. Getting system users involved with testing as early as possible, and	Implementation in Process	
b. Making sure that an adequate amount of time is taken to perform testing, and correct and re-test any problems.	Implementation in Process	
6. To ensure that all department staff can perform their jobs using BRITS, the Department should continue to ensure that future training will address previous training problems and will allow the Department to effectively use, operate, and maintain BRITS.	Implementation in Process	

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FINDING 1: Department needs to better manage BRITS project (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
7. To ensure the BRITS system is secure and sensitive data is protected, the Department should:		
a. Complete and implement policies and procedures that govern system access controls, audit trail creation and analysis, data encryption management, virus protection, and intrusion detection and prevention; and,	Implementation in Process	
b. Perform security assessments periodically to determine if its policies and procedures are followed and adequately ensure system security.	Implementation in Process	
8. To help with the planning and execution of future phases of the project, the Department should develop and follow a formal post-implementation review plan, as stated in the BRITS contract, that outlines how and when during the project it will perform the reviews.	Implementation in Process	
9. To increase the chances of success, until the project is complete, the Department should continue to hold lessons-learned sessions at appropriate points during the project and should document and use the results of these meetings to improve BRITS' implementation.	Implementation in Process	

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FINDING 2: BRITS not generating additional revenue as expected

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Department should continue to work toward improving BRITS-generated revenue for the remainder of the contract term. Specifically, the Department should continue to work with Accenture to:		
a. Resolve BRITS' inability to generate accurate collections notices, thereby increasing efficiency revenue, and	Implementation in Process	
b. Improve existing BRITS discovery programs and identify and implement new programs.	Implementation in Process	
2. The Department should continue to report the following information about BRITS enforcement revenue in its monthly Project Status Report to GITA:		
a. The amounts of discovery revenue, license compliance baseline revenue, and efficiency revenue separately,	Implementation in Process	
b. Any negative efficiency amounts incurred, and	Implementation in Process	
c. Any cumulative negative efficiency amount and the fact that the amount must be earned back before Accenture can be paid from future efficiency revenue.	Implementation in Process	

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FINDING 3: Department should better ensure contract changes are appropriate

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To ensure that contract changes are in the State's best interest and within the legal requirements, such as contract terms and procurement rules, the Department should:	Implementation in Process	
a. Consult its procurement office and EPS about proposed changes and document the related discussions, or		
b. If the Department believes proposed changes clearly will not affect the overall contract scope and therefore do not warrant EPS' involvement, document the reasoning behind its determination.		
2. To ensure that changes affecting the project's scope are identified and incorporated into the contract, the Department should prepare documentation for contract changes that clearly explains the change being made, why it is being made, and whether the change will impact the scope of the tasks involved or the overall project.	Implementation in Process	